



Attachment 2

Gloucestershire Pension Fund Employers Forum

To help improve the Pensions service
provided to Scheme Members



2016 Pension Fund Valuation

- **Progress Update**

- October and December 2015 – discussions with Actuary on valuation process
- Employer Funding Update reports to be issued early March 2016
- Meetings with groups of employers 14th March 2016 at Shire Hall (further details to follow)
- Academies - Colleges - Admission Bodies - Tax raising bodies - T&P Councils
- Date for data/information required from employers sent by Fund in January. Further communications from Fund and Actuary to follow.



Government criteria on Pooling of Investments by LGPS Funds (Nov 2015)

- **Investments to be pooled (£25bn). Asset allocation and investment strategy remains with individual Funds**
- **Gloucestershire LGPS working with other SW LGPS Funds on proposals**
- **Initial Proposals to DCLG by 19th Feb 2016**
- **Full Proposals to DCLG by 15th July 2016**
- **Investments to begin transferring to Pools by**

April 2018



Regulatory

- **Public Sector exit payment cap - £95k**
 - Consultation forwarded to employers 04/08/2015
 - Not directly a pensions issue, but cap is proposed to include
 - Redundancy Payments
 - **Pension Strain Costs**
 - Payments on Voluntary Exits
 - Severance or ex-gratia payments
 - Payment for outstanding entitlement
 - Compensation under the terms of a contract
 - Pay in lieu of notice
 - Shares or Share options



Regulatory

- **Public Sector exit payment cap - £95k**
 - Understood to include any employee of a “prescribed public sector authority” or holder of “prescribed public sector office”
 - Confirmation of organisations and “offices” affected will be confirmed in legislation
 - May apply to contractors providing “outsourced” public services



Regulatory

- **Public Sector exit payment cap - £95k**
 - Minister stated unlikely that Enterprise Bill 2015 will receive royal ascent before late Spring/early Summer
 - LGA understand that cap will not take effect until Summer/Autumn 2016
 - Government feel no need for transitional protections
 - Possible ability to *relax* cap in exceptional circumstances. Guidance to follow
 - LGA understanding of position provided as appendix 1 to LGA Bulletin 137



Regulatory

• Public Sector exit payment – Recovery Regs

- Government commenced short consultation (raised in LGA Bulletin 138)
- Will allow for recovery of part/all of exit payment from high earners who receive “public sector” exit payment and subsequently return to public sector
- Proposed that
 - Earnings threshold set at £80k
 - Includes return to any part of public sector
 - Includes any return within 12 months
 - LGPS employer strain costs to be included in payments to be recovered



Regulatory

- **HMRC Pension Saving Limits**

- **2014/2015 Annual Allowance - £40k (from £50k)**
 - HMRC Savings Statements were due by end of Sept 2015
 - Delayed due to Yr-End returns and ABS's
 - Currently working through cases
 - Requesting additional information from employers for potentially affected scheme members



Regulatory

• HMRC Pension Saving Limits

- **2015/2016 Lifetime Allowance - to further reduce to £1m**
 - Expected that protections will be available and similar to those available in 2012 & 2014 (subject to current £1.25m limit)
 - Final details not available
 - Raised to members in ABS Newsletter
 - Potentially affected members may wish to seek financial advice
- £1m LTA index linked from 2018



Regulatory

- **HMRC – Green paper on Tax Relief reform**
 - Raised in LGA Bulletins 135 & 136
 - Chancellor confirmed that further details delayed until 2016 Budget
 - Various options open
 - Scrapping tax relief on contributions and making pension payment tax free income
 - Limiting level of tax relief available on contributions paid (i.e. removing higher rate tax relief)



Regulatory

- **Ending of Contracting Out (and therefore NI rebate) from April 2016**
 - We have flagged to employers at last 3 Forums
 - LGA Bulletin 133 (July 15) provided Employer Q&A
 - Employer contracted out NI rebate of 3.4% will cease
 - Employers must notify affected staff of increase in NI Contributions due to removal of Employee contracting out NI rebate of 1.4%
 - Applies to anyone paying “contracted out” NI (i.e. LGPS, Teachers etc)
 - DWP Toolkit available (see LGA Bulletin 138)



Regulatory

- **Ending of Contracting Out (and therefore NI rebate) from April 2016**
 - Employee Q&A available on our website
 - Pension Fund must notify members that LGPS will no longer be a “contracted out” scheme
 - Awaiting clarification from Government regarding effect on members LGPS benefits. Specifically in relation to index linking of members benefits beyond State Pension Age (SPA)
 - Pension Fund must reconcile all “Contracted-Out” membership since April 1978
 - Will require referral to employers in some query cases



Regulatory

- **2016 Indexation of Benefits**

- CPI for September 2015 was – 0.1% (i.e. negative)
- Pensions in payment & deferred benefits are indexed under Pensions Increase Act 1971
 - Understand will default to 0%
- Active member CARE benefits indexed under Public Service Pensions Act 2013
 - Negative indexation requires approval of House of Commons & Lords (affirmative procedure)
 - If Negative Indexation approved, this will mean a reduction in CARE benefits accrued to end of 2015/2016



Regulatory

- **Pensions Ombudsman - Ill Health**

- Pensions Ombudsman has developed a generic guide for employers, of how he may consider a member complaint (link provided in LGA Bulletin 137)
- Will hopefully assist employers in ensuring that they obtain the correct information and follow “due process” before making their decision to award ill health or not



2014/2015 LGPS Year End Report

• Review

- Substantial delays in receipt of year end information for majority of scheme members from their employers
- Where returns received, common issues:
 - Not balanced
 - Multiple lines provided even though member had 1 employment record
 - “Strike” contributions added into Employee Contributions rather than as APC
 - Negative amounts
 - Missing data - start/end dates in period, casual staff hours, Final Salary pay



2014/2015 Annual Benefit Statements (ABS) - Update

- ABS's should have been dispatched by 31st August
- Substantial delays in receipt of year end information for majority of members from their employers
- Declared to the Pensions Regulator (tPR) that legislation breached and reasons
- tPR provided “exception” deadline of 30/11/2015 which was met
- tPR stated that must not be a reoccurrence



2014/2015 Annual Benefit Statements (ABS) - Update

- New format ABS's (including CARE) have been well received by scheme members
- More complex, but have tried to lay out as clearly as possible (i.e. summary, followed by more detail)
- ABS Guide updated
- Newsletter covering relevant issues

- Intend that 2015/2016 ABS will follow same format
- 2015/2016 ABS will be produced after Valuation



March 2016 Valuation

- **2015/2016 Employer Year End returns**
 - Balanced 2015/2016 Year End returns from employers must be received by 30/04/2016 (at the latest)
 - Inconsistent/unbalanced returns will be sent back to employers for correction
 - **Adherence to timescales is critical**



March 2016 Valuation

- **2015/2016 Employer Year End returns**

- If accurate return is not received from employer until after 30/04/2016
 - it is very unlikely that any of the 2015/2016 year end information for that employer will be posted to member records in time for the Valuation
 - actuary will be informed of the omission and will have to make additional “prudent “assumptions in assessing employers liabilities
- **Adherence to timescales is critical**



March 2016 Valuation

- **Non-notification to Fund of New Starters/Leavers etc**

- Failure to notify the fund of New Starters will clearly mean the actuary will receive no information relating to that member
- Failure to notify the fund of a Leaver will mean that the member record will be incorrectly categorised by the actuary and/or the actuary will have to make additional “prudent “assumptions in assessing that member
- All outstanding omissions must be notified using the correct form by 30/04/2016



March 2016 Valuation

- Pensions Team can provide “snapshot” extract of Active records held, to employer
 - Employer can validate against own payroll/HR systems
 - Any discrepancies notified to be Pensions Team on appropriate form
 - Request by emailing pensions@gloucestershire.gov.uk and asking for a “snapshot extract of actives”
- Facility is not an alternative to employers legal duty to provide information on an ongoing basis



Pension Section – Operational timescales & issues

- Estimates taking on average 4 – 5 weeks (previously 2 weeks)
- Payment of Retirement Benefits on average 4 – 5 weeks (previously 2 weeks)
- Work is processed chronologically to ensure consistency and fairness
- Currently developing/testing Bulk Redundancy/Efficiency calculation facility



Questions & Answers / A.O.B.

- **Pensions Section Website**
- **Employers Pages**
 - <http://www.gloucestershire.gov.uk/pensionsemployers>
 - Employers Guide & Forms
- **Employees Pages**
 - <http://www.gloucestershire.gov.uk/pensions>
 - Links to National LGPS Websites
 - Forms and Booklets